


IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

-----X		
RONALD CANTOR, IVAN SNYDER and	:	No. 97-CIV-586-SLR
JAMES A. SCARPONE, as TRUSTEES OF	:	
THE MAFCO LITIGATION TRUST,	:	
	:	
Plaintiffs,	:	
	:	
- against -	:	AFFIDAVIT OF
	:	PAUL MORELLI
	:	
RONALD O. PERELMAN,	:	
MAFCO HOLDINGS INC.,	:	
MacANDREWS & FORBES HOLDING INC.,	:	
ANDREWS GROUP INCORPORATED,	:	HEARING DATE:
WILLIAM C. BEVINS and	:	September 11, 2008
DONALD G. DRAPKIN,	:	4:00 p.m. (E.T.)
	:	
Defendants	:	
	:	
-----X		

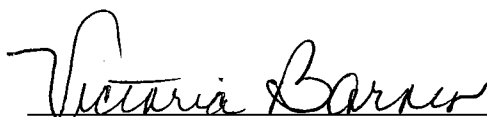
PAUL MORELLI, being duly sworn, deposes and says:

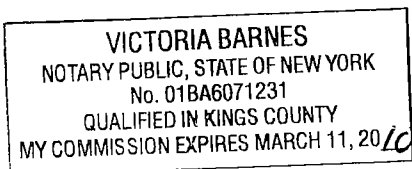
1. I am employed by Merrill, Lynch, Pierce, Fenner & Smith (with affiliates collectively referred to as "Merrill Lynch") as Director of Hedge Fund Services Group. I submit this affidavit in support of High River Limited Partnership's opposition to the Trustee's Motion For An Order Approving Settlement in this matter.
2. Since approximately August of 1996, High River Limited Partnership ("High River") has maintained a brokerage account with Merrill Lynch.
3. Prior to December 2005 High River's account at Merrill Lynch included, among other investments, various interests in Marvel notes, as follows:
  - a. Marvel Holdings Senior Notes (CUSIP 57383QAC03) in the amount of 93,165,000;
  - b. Marvel Parent Holdings Senior Notes (CUSIP 573845AA-02) in the amount of 121,404,000; and

- c. Marvel III Holding Inc. Senior Notes (CUSIP 573848AC02) in the amount of 36,950,000
4. On or about December 20, 2005, Merrill Lynch received a copy of a letter sent by LaSalle Banks to the Depository Trust & Clearing Corporation ("DTCC"). A copy of the LaSalle letter is attached hereto as Exhibit "A".
5. The LaSalle letter states that the Marvel notes are "Worthless Securities".
6. Upon receipt of the LaSalle letter, the High River Marvel notes were marked as worthless by Merrill Lynch on December 22 and 23, 2005. The Marvel notes held by some other Merrill Lynch customers were also marked as worthless.
7. A true and correct copy of the relevant page of High River's statement (redacted to exclude securities not relevant here), indicating that the Marvel notes were marked as worthless, is attached hereto as Exhibit "B".
8. After 2005, the Marvel notes were deleted from High River's Merrill Lynch account statements and have not been included, in any form, in any subsequent statement.

  
Paul Morelli

Subscribed and sworn to before me this  
28 day of August, 2008

  
Notary Public



# **EXHIBIT A**

TOTAL P.001

DEC. 20. 2005 3:45PM

LA SALLE BANK N.A.

NO. 5238 P. 1.

LaSalle Bank N.A.

**LASALLE BANKS**

135 South LaSalle Street  
Chicago, Illinois 60603  
(312) 804-2000

Trust and Asset Management

Via Fax 212/855-5009  
October 9, 2002

**"Worthless Securities"**

Ms. Ingrid Sharpe  
DTCC

Re: 11-1/4% Senior Secured Discount Notes due 1998 of Marvel Holdings, Inc.  
(CUSIP 57383QAC3 or 57383QAD1) *DX777/C6CB6*  
11-7/8% Senior Secured Discount Notes due 1998 of Marvel (Parent) Holding, Inc.  
(CUSIP 573845AA2 or 573845AB0) *DX790/C6CB8*  
9-1/8% Senior Secured Notes due 1998 issued by Marvel III Holding, Inc.  
(CUSIP 573848AC2 or 573848AD0) *C6AUS/C6CB7*

Dear Ms. Sharpe:

The Marvel Holding Companies filed for bankruptcy in December 1997. At this time, all court actions related to the above-referenced notes as identified have been concluded. The Marvel Holding Companies did not reorganize. It was only the operating subsidiary, Marvel Entertainment Group, Inc. which emerged out of bankruptcy through a merger with Toy Biz to form Marvel Enterprise. Pursuant to the merger and reorganization of the Marvel Enterprise entity, there were three classes of Warrants (Class A, B & C) issued to all former shareholders. All three classes of Warrants have expired.

Since the bankruptcy filing in 1997, we have not made any type of payment distribution to the noteholders. LaSalle Bank is no longer performing transfers for any of these note issues nor did we receive a recovery for the benefit of the noteholders. We are in the process of closing our books. Should we receive any contingency funds in the future, the noteholders will be contacted at that time.

If we can be of any further assistance, please do not hesitate to contact us at 312/904-2444.

Sincerely,

*Sarah H. Webb*  
Sarah H. Webb  
Senior Vice President

Member of the ADN AMRO Group

Post-It® Fax Note	7571	Date	# of pages
To: <i>Bob A.</i>		From: <i>Ause Walker</i>	
Co/Dept		Co.	
<i>85-281-557-3309</i>		Phone # <i>904-2730</i>	
<i>201-557-0472</i>			

# **EXHIBIT B**

## Merrill Lynch Professional Clearing Corp. - Client Statement

## Bookkeeping Activity (cont'd)

Description	Date	Transaction	Symbol/Cusip	Account Type	Quantity	(Debit)/Credit
MARVEL HOLDINGS SENIOR NOTES ZERO% APRIL 15 1998 SECURITIES ABANDON	12/22/05	JE	57383QAC03	MARGIN	(93,165,000)	0.00
MARVEL PARENT HOLDINGS SENIOR NOTES ZERO% APRIL 15 2049 SECURITIES ABANDON	12/22/05	JE	573845AA02	MARGIN	(21,404,000)	0.00
MARVEL III HOLDING INC SENIOR NOTES 9.125% FEB 15 2049 SECURITIES ABANDON	12/22/05	JE	573848AC02	MARGIN	(36,950,000)	0.00
MARVEL PARENT HOLDINGS SENIOR NOTES ZERO% APRIL 15 2049 WORTHLESS	12/23/05	JE	573845AA02	MARGIN	(50,000,000)	0.00
MARVEL PARENT HOLDINGS SENIOR NOTES ZERO% APRIL 15 2049 WORTHLESS	12/23/05	JE	573845AA02	MARGIN	(50,000,000)	0.00
MARVEL PA 3573845AA02						

12/01/2005 THROUGH 12/31/2005

ACCOUNT 329-02315

IRS NUMBER 13-3626974

SECTION 2 PAGE 12 OF 17